

ROGER P. CROTEAU & ASSOCIATES, LTD.  
 • 720 South Fourth Street, Suite 202 • Las Vegas, Nevada 89101 •  
 Telephone: (702) 254-7775 • Facsimile (702) 228-7719

1 ROGER P. CROTEAU, ESQ.  
 Nevada Bar No. 4958  
 2 TIMOTHY E. RHODA, ESQ.  
 Nevada Bar No. 7878  
 3 ROGER P. CROTEAU & ASSOCIATES, LTD.  
 720 South Fourth Street, Suite 202  
 4 Las Vegas, Nevada 89101  
 (702) 254-7775  
 5 (702) 228-7719 (facsimile)  
 croteaulaw@croteaulaw.com  
 6 *Attorney for Defendant*  
 ROBERT J. KRAUSE

UNITED STATES BANKRUPTCY COURT  
 FOR THE DISTRICT OF NEVADA

\*\*\*

13 In re:	)	
14 ROBERT J. KRAUSE,	)	Case No. BK-S-10-26094-mkn
15 Debtor.	)	Chapter 7
16 _____	)	
17 THE CADLE COMPANY, an Ohio	)	
corporation,	)	
18 Plaintiff,	)	Adversary Case No. 11-01209-mkn
19 vs.	)	
20 ROBERT J. KRAUSE,	)	
21 Defendant.	)	
22 _____	)	

**ANSWER TO ADVERSARY COMPLAINT OBJECTING TO**  
**DISCHARGEABILITY OF DEBT UNDER 11 U.S.C. §523 AND 11 U.S.C. §727**

23 COMES NOW, Debtor, ROBERT J. KRAUSE, by and through his attorneys, ROGER P.  
 24 CROTEAU & ASSOCIATES, LTD., and hereby answers Plaintiff's Complaint Objecting to  
 25 Dischargeability of Debt Under 11 U.S.C. §523 and 11 U.S.C. §727 as follows:  
 26  
 27  
 28

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### **PARTIES**

1. Answering Paragraph 1 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.
2. Answering Paragraph 2 of Plaintiff's Complaint, Defendant admits that he is the Debtor in the above-captioned bankruptcy case. Defendant denies the remaining allegations therein

### **JURISDICTION AND VENUE**

3. Answering Paragraph 3 of Plaintiff's Complaint, Defendant admits the allegations therein.
4. Answering Paragraph 4 of Plaintiff's Complaint, Defendant admits the allegations therein.

### **FACTUAL BACKGROUND**

5. Answering Paragraph 5 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.
6. Answering Paragraph 6 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.
7. Answering Paragraph 7 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.
8. Answering Paragraph 8 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.
9. Answering Paragraph 9 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.

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10. Answering Paragraph 10 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.
11. Answering Paragraph 11 of Plaintiff's Complaint, Defendant admits that he caused Southshore Properties, LLC to be formed on or about October 14, 1998. Defendant denies that Jeannie Watson participated in any manner in forming said entity.
12. Answering Paragraph 12 of Plaintiff's Complaint, Defendant denies that Jeannie Watson owned any interest in Southshore Properties, LLC at the time that said entity was formed. Defendant admits that Jeannie Watson later acquired a 50% interest in Southshore Properties, LLC.
13. Answering Paragraph 13 of Plaintiff's Complaint, Defendant denies the allegations therein.
14. Answering Paragraph 14 of Plaintiff's Complaint, Defendant admits that he and Jeannie Watson caused Live Oak Ranch, LLC to be formed on or about January 28, 2005.
15. Answering Paragraph 15 of Plaintiff's Complaint, Defendant denies the allegations therein.
16. Answering Paragraph 16 of Plaintiff's Complaint, Defendant admits that he and Jeannie Watson caused Lake Elsinore II, LLC to be formed on or about January 31, 2005. Defendant denies the remaining allegations therein.
17. Answering Paragraph 17 of Plaintiff's Complaint, Defendant denies the allegations therein.
18. Answering Paragraph 18 of Plaintiff's Complaint, Defendant admits that he caused the Krause 2005 Trust to be formed on or about March 15, 2005. Defendant further states that the terms of said trust speak for themselves.
19. Answering Paragraph 19 of Plaintiff's Complaint, Defendant denies the allegations therein.
20. Answering Paragraph 20 of Plaintiff's Complaint, Defendant admits that he caused Quest West Capital Limited Partnership to be formed on or about March 21, 2005.

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21. Answering Paragraph 21 of Plaintiff's Complaint, Defendant denies the allegations therein.
22. Answering Paragraph 22 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.
23. Answering Paragraph 23 of Plaintiff's Complaint, Defendant denies the allegations therein.
24. Answering Paragraph 24 of Plaintiff's Complaint, Defendant admits that he and Jeannie Watson caused R Plane, LLC to be formed on or about July 8, 2005.
25. Answering Paragraph 25 of Plaintiff's Complaint, Defendant denies the allegations therein.
26. Answering Paragraph 26 of Plaintiff's Complaint, Defendant admits that he caused R Toys, LLC to be formed on or about July 8, 2005. Defendant denies that Jeannie Watson participated in any manner in forming said entity.
27. Answering Paragraph 27 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.
28. Answering Paragraph 28 of Plaintiff's Complaint, Defendant denies the allegations therein.
29. Answering Paragraph 29 of Plaintiff's Complaint, Defendant admits that he and Jeannie Watson caused Arizona Development Corporation to be formed on or about August 26, 2005.
30. Answering Paragraph 30 of Plaintiff's Complaint, Defendant denies the allegations therein.
31. Answering Paragraph 31 of Plaintiff's Complaint, Defendant admits that he caused the Robert J. Krause Trust to be formed on or about August 30, 2005. Defendant further states that the terms of said trust speak for themselves.
32. Answering Paragraph 32 of Plaintiff's Complaint, Defendant denies the allegations

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therein.

33. Answering Paragraph 33 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.

34. Answering Paragraph 34 of Plaintiff's Complaint, Defendant denies the allegations therein.

35. Answering Paragraph 35 of Plaintiff's Complaint, Defendant denies the allegations therein.

36. Answering Paragraph 36 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.

37. Answering Paragraph 37 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.

38. Answering Paragraph 38 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.

39. Answering Paragraph 39 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.

40. Answering Paragraph 40 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.

41. Answering Paragraph 41 of Plaintiff's Complaint, Defendant is without sufficient knowledge to form a belief as to the truthfulness of the allegations therein. On this basis, Defendant denies said allegations in their entirety.

42. Answering Paragraph 42 of Plaintiff's Complaint, Defendant denies the allegations therein.

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- 1 43. Answering Paragraph 43 of Plaintiff's Complaint, Defendant is without sufficient  
2 knowledge to form a belief as to the truthfulness of the allegations therein. On this basis,  
3 Defendant denies said allegations in their entirety.
- 4 44. Answering Paragraph 44 of Plaintiff's Complaint, Defendant is without sufficient  
5 knowledge to form a belief as to the truthfulness of the allegations therein. On this basis,  
6 Defendant denies said allegations in their entirety.
- 7 45. Answering Paragraph 45 of Plaintiff's Complaint, Defendant is without sufficient  
8 knowledge to form a belief as to the truthfulness of the allegations therein. On this basis,  
9 Defendant denies said allegations in their entirety.
- 10 46. Answering Paragraph 46 of Plaintiff's Complaint, Defendant is without sufficient  
11 knowledge to form a belief as to the truthfulness of the allegations therein. On this basis,  
12 Defendant denies said allegations in their entirety.
- 13 47. Answering Paragraph 47 of Plaintiff's Complaint, Defendant denies the allegations  
14 therein.
- 15 48. Answering Paragraph 48 of Plaintiff's Complaint, Defendant is without sufficient  
16 knowledge to form a belief as to the truthfulness of the allegations therein. On this basis,  
17 Defendant denies said allegations in their entirety.
- 18 49. Answering Paragraph 49 of Plaintiff's Complaint, Defendant is without sufficient  
19 knowledge to form a belief as to the truthfulness of the allegations therein. On this basis,  
20 Defendant denies said allegations in their entirety.
- 21 50. Answering Paragraph 50 of Plaintiff's Complaint, Defendant is without sufficient  
22 knowledge to form a belief as to the truthfulness of the allegations therein. On this basis,  
23 Defendant denies said allegations in their entirety.
- 24 51. Answering Paragraph 51 of Plaintiff's Complaint, Defendant is without sufficient  
25 knowledge to form a belief as to the truthfulness of the allegations therein. On this basis,  
26 Defendant denies said allegations in their entirety.
- 27 52. Answering Paragraph 52 of Plaintiff's Complaint, Defendant denies the allegations  
28 therein.

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- 1 53. Answering Paragraph 53 of Plaintiff's Complaint, Defendant denies the allegations  
2 therein.
- 3 54. Answering Paragraph 54 of Plaintiff's Complaint, Defendant denies the allegations  
4 therein.
- 5 55. Answering Paragraph 55 of Plaintiff's Complaint, Defendant denies the allegations  
6 therein.
- 7 56. Answering Paragraph 56 of Plaintiff's Complaint, Defendant denies the allegations  
8 therein.
- 9 57. Answering Paragraph 57 of Plaintiff's Complaint, Defendant admits that an Order was  
10 entered by the District Court on or about March 26, 2008, in Case No. A509949.  
11 Defendant further states that terms of said Order speak for themselves.
- 12 58. Answering Paragraph 58 of Plaintiff's Complaint, Defendant states that the terms of the  
13 Order speak for themselves.
- 14 59. Answering Paragraph 59 of Plaintiff's Complaint, Defendant denies the allegations  
15 therein.
- 16 60. Answering Paragraph 60 of Plaintiff's Complaint, Defendant admits that an Order was  
17 entered by the District Court on or about February 24, 2009, in Case No. A509949.  
18 Defendant further states that terms of said Order speak for themselves.
- 19 61. Answering Paragraph 61 of Plaintiff's Complaint, Defendant admits that an Order was  
20 entered by the District Court on or about September 28, 2009, in Case No. A564243.  
21 Defendant further states that terms of said Order speak for themselves.
- 22 62. Answering Paragraph 62 of Plaintiff's Complaint, admits that a Sheriff's Sale was  
23 conducted. Defendant is without sufficient knowledge to form a belief as to the  
24 truthfulness of the remaining allegations therein. On this basis, Defendant denies said  
25 allegations in their entirety.
- 26 63. Answering Paragraph 63 of Plaintiff's Complaint, Defendant denies the allegations  
27 therein.
- 28



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**CAUSES OF ACTION**

**COUNT ONE**

**OBJECTION TO DISCHARGE OF DEBT UNDER 11 U.S.C. §523(a)(6)**

64. Answering Paragraph 64 of Plaintiff's Complaint, Defendant repeats, realleges, and incorporates by reference herein, his Answers to Paragraphs 1 through 63 above, as though said paragraphs were fully set forth herein.

65. Answering Paragraph 65 of Plaintiff's Complaint, Defendant denies the allegations therein.

66. Answering Paragraph 66 of Plaintiff's Complaint, Defendant denies the allegations therein.

**COUNT TWO**

**OBJECTION TO DISCHARGE OF DEBT UNDER 11 U.S.C. §523(a)(2)**

67. Answering Paragraph 67 of Plaintiff's Complaint, Defendant repeats, realleges, and incorporates by reference herein, his Answers to Paragraphs 1 through 66 above, as though said paragraphs were fully set forth herein.

68. Answering Paragraph 68 of Plaintiff's Complaint, Defendant denies the allegations therein.

69. Answering Paragraph 69 of Plaintiff's Complaint, Defendant denies the allegations therein.

70. Answering Paragraph 70 of Plaintiff's Complaint, Defendant denies the allegations therein.

**COUNT THREE**

**OBJECTION TO DISCHARGE OF DEBT UNDER 11 U.S.C. §727(a)(2)**

71. Answering Paragraph 71 of Plaintiff's Complaint (incorrectly numbered 34), Defendant repeats, realleges, and incorporates by reference herein, his Answers to Paragraphs 1 through 70 above, as though said paragraphs were fully set forth herein.

72. Answering Paragraph 72 of Plaintiff's Complaint (incorrectly numbered 35), Defendant denies the allegations therein.



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73. Answering Paragraph 73 of Plaintiff's Complaint (incorrectly numbered 36), Defendant denies the allegations therein.

74. Answering Paragraph 74 of Plaintiff's Complaint (incorrectly numbered 37), Defendant denies the allegations therein.

**COUNT FOUR**

**OBJECTION TO DISCHARGE OF DEBT UNDER 11 U.S.C. §727(a)(3)**

75. Answering Paragraph 75 of Plaintiff's Complaint (incorrectly numbered 34), Defendant repeats, realleges, and incorporates by reference herein, his Answers to Paragraphs 1 through 74 above, as though said paragraphs were fully set forth herein.

76. Answering Paragraph 76 of Plaintiff's Complaint (incorrectly numbered 35), Defendant denies the allegations therein.

77. Answering Paragraph 77 of Plaintiff's Complaint (incorrectly numbered 36), Defendant denies the allegations therein.

78. Answering Paragraph 78 of Plaintiff's Complaint (incorrectly numbered 37), Defendant denies the allegations therein.

**COUNT FIVE**

**OBJECTION TO DISCHARGE OF DEBT UNDER 11 U.S.C. §727(a)(5)**

79. Answering Paragraph 79 of Plaintiff's Complaint (incorrectly numbered 38), Defendant repeats, realleges, and incorporates by reference herein, his Answers to Paragraphs 1 through 78 above, as though said paragraphs were fully set forth herein.

80. Answering Paragraph 80 of Plaintiff's Complaint (incorrectly numbered 39), Defendant admits that he has had significant income in the years preceding his bankruptcy filing. Defendant denies the remaining allegations therein.

81. Answering Paragraph 81 of Plaintiff's Complaint (incorrectly numbered 40), Defendant denies the allegations therein.

82. Answering Paragraph 82 of Plaintiff's Complaint (incorrectly numbered 41), Defendant denies the allegations therein.

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**AFFIRMATIVE DEFENSES**

**FIRST AFFIRMATIVE DEFENSE**

Plaintiff's Complaint fails to state a claim upon which relief can be granted.

**SECOND AFFIRMATIVE DEFENSE**

All or part of Plaintiff's Claim is barred by the Doctrine of Laches.

**THIRD AFFIRMATIVE DEFENSE**

Plaintiff is estopped from asserting all or part of its claims.

**FOURTH AFFIRMATIVE DEFENSE**

All or part of Plaintiff's claim is barred by the Doctrine of Waiver.

**FIFTH AFFIRMATIVE DEFENSE**

If Plaintiff has suffered any damages, Plaintiff has failed to mitigate them.

**SIXTH AFFIRMATIVE DEFENSE**

Plaintiff's Complaint is barred by the applicable Statutes of Limitations.

**SEVENTH AFFIRMATIVE DEFENSE**

By virtue of the oral modification of the agreement(s) that may have existed and partial payment received by Plaintiff, Defendant has been released and discharged from any liability to the Plaintiff, which liability is expressly denied.

**EIGHTH AFFIRMATIVE DEFENSE**

All possible affirmative defenses may not have been raised herein as sufficient facts were not available after reasonable inquiry upon the filing of this Answer, and therefore, this answering Defendant reserves the right to amend his answer to allege additional affirmative defenses if subsequent investigation so warrants.

WHEREFORE, Defendant prays for judgment as follows:

A. That Plaintiff take nothing by virtue of its Complaint;

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B. For reasonable attorneys' fees and costs;

C. For such other and further relief as this Court may deem meet and proper.

DATED this 19<sup>th</sup> day of August, 2011.

ROGER P. CROTEAU & ASSOCIATES, LTD.

  
TIMOTHY E. RHODA, ESQ.  
Nevada Bar No. 7878  
720 South Fourth Street, Suite 202  
Las Vegas, Nevada 89101  
(702) 254-7775  
*Attorneys for Debtor*  
ROBERT J. KRAUSE

**CERTIFICATE OF MAILING**

I hereby certify that on the 19<sup>th</sup> day of August, 2011, I served a copy of the foregoing **ANSWER TO ADVERSARY COMPLAINT OBJECTING TO DISCHARGEABILITY OF DEBT UNDER 11 U.S.C. §523 AND 11 U.S.C. §727**, by causing a copy of the same to be deposited in the United States mail, postage prepaid, addressed as follows:

Brian D. Shapiro, Esq.  
BRIAN SHAPIRO LAW  
228 South Fourth Street, Suite 300  
Las Vegas, Nevada 89101  
*Attorney for Plaintiff*

  
An employee of ROGER P. CROTEAU &  
ASSOCIATES, LTD.

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